



FACTSHEET 10/2016

Private Rented Housing

Introduction

The purpose of this Housing Factsheet is to provide an overview of the private rented housing market in Glasgow.

Background

Privately rented housing was the dominant tenure in Glasgow in the late 19th and early 20th centuries but began to fall into steep decline after the First World War as a result of the demolition of a large proportion of the city's sandstone tenement properties and their replacement with new municipally rented housing. Owner occupation within the city expanded from the mid-1960s with many previously rented properties being purchased by first and second time buyers. In the 1970s and 1980s community based housing associations actively acquired and improved around 10,000 privately rented properties re-letting them in the main as social rented tenancies. By 1989, the proportion of properties rented out privately had fallen to 12,600, just 4% of total housing stock ⁽¹⁾. However since the mid-1990s there has been a revival in the sector. By 1998, the proportion had risen to just under 19,300 or 7% of total housing stock ⁽²⁾. As of June 2015, the number of privately rented properties was estimated at 60,465 (20.4%) of total housing stock ⁽³⁾.

Factors contributing to the growth of private renting in Glasgow

A number of factors appear to be contributing to the growth of the Private Rented Sector in Glasgow. These include:

- An overall increase in demand for accommodation as population rises and new households are formed, coupled with rising levels of in-migration and an increase in overseas students living in the city
- Rising house prices resulting in fewer households entering the first time buyer market and opting to rent privately for longer periods of time
- Difficulties for prospective first time buyers in raising a deposit to purchase a home as more stringent criteria is imposed by lenders in relation to amount borrowed relative to household income



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- Shortage of supply of affordable (social rented) housing in particular areas of the city.
- A ready supply of properties coming on to the private renting market including “Buy to let” properties
- Changing attitudes to home ownership especially by younger mobile age groups where the use of different tenures fit with more flexible working arrangements, lifestyle choices and freedom from long term commitment to any one place (sometimes referred to as “Generation Rent”)

Changes in the distribution of private renting in Glasgow

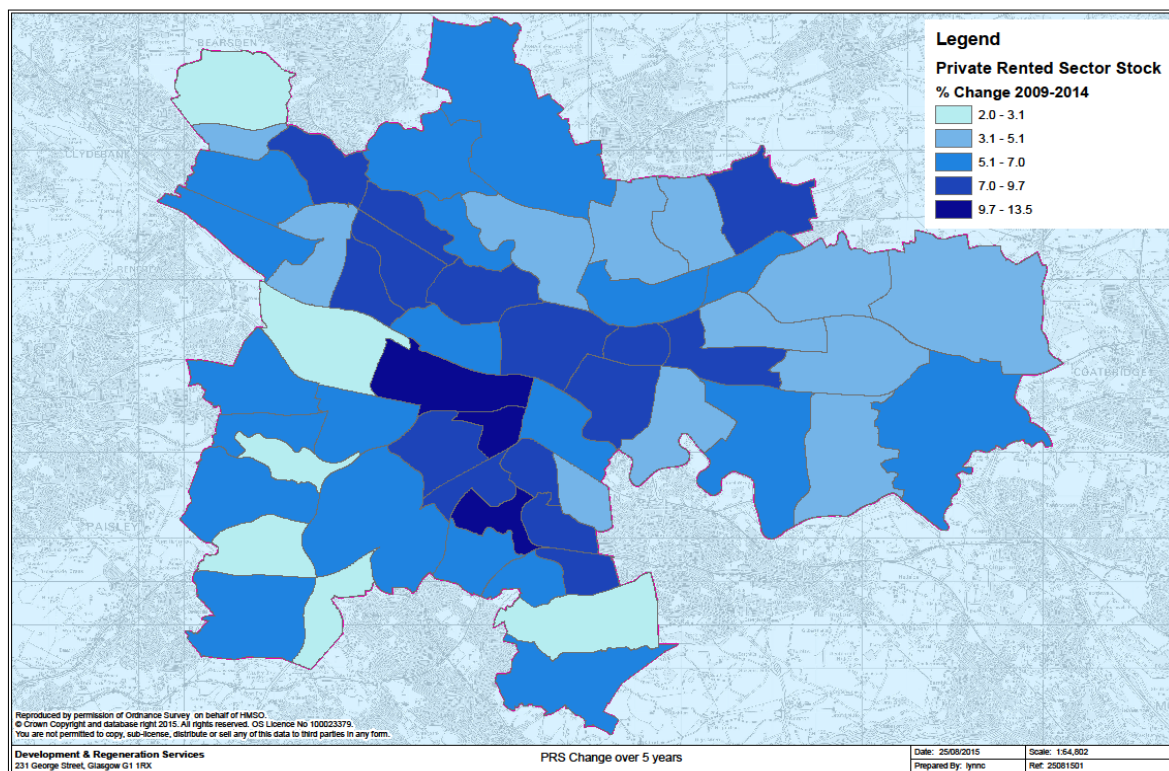
- Until the 1990s, the private rented sector (PRS) tended to be concentrated in older tenement properties in the west end and parts of the south side, catering for short term populations of students and occasional workers.
- The PRS has expanded into new build “mixed ownership” developments in reclaimed riverside locations, in the central business district, in former council owned /Glasgow Housing Association estates and within the traditional first and second time buyer owner occupied pre-1919 tenemental areas.
- Between 2009 and 2015 faster expansion of the private rented sector took place within Inner Ring Pre-1919 tenement dominated suburbs. There was a 13.5% increase in Ibrox & Kingston, and increases of 12.5% and 11.2% respectively in Pollokshields East and Langside & Battlefield, a rate of more than 2% per annum in all three cases.
- Expansion in pre 1919 tenement areas appears to be the result of re-sold tenement flats converting from owner occupation to owner landlord status and buy to let. This reflects the dramatic drop in the proportion of owner occupied housing across the city, which is mirrored by a nearly equivalent rise in the proportion of privately rented properties.
- There has been some evidence of an expansion in buy to let and institutional renting within new build for sale developments particularly in the city centre and on both sides of the River Clyde west of the George V Bridge.
- Of significance on a city wide level is the fact that all 56 neighbourhoods ([Map of city neighbourhoods](#)) have demonstrated continuous upward growth in the private rented sector, including neighbourhoods which were almost entirely built for social renting, and which subsequently generated re-sales of properties sold to sitting tenants under the right to buy post



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1980. Whilst the PRS growth rates in these neighbourhoods appears to lag behind the average, there may be hidden or undeclared PRS operations in some of these neighbourhoods.

Map 1 Growth of Private Rented Sector 2009 – 2014 by Neighbourhood



Private rented sector rents in Glasgow 2014/15

According to research commissioned by Glasgow City Council in 2014/15, average rents charged in the PRS varies according to Community Partnership Area (CPA) with the lowest overall average at £428 per month in the East of the city and the highest at £785 in the Central and West area ⁽⁴⁾. There is variation according to property size (**Table 1**) with lowest rents in the East and highest rents in the Central and West ⁽⁵⁾. Rents charged generally reflect property resale values in these locations. Generally rents are lower where the landlord has not employed a letting agent.



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Table 1

Rent charged per month	1 bed	2 bed	3 bed	4 bed
Lowest*	£393	£427	£519	£595
Highest**	£556	£792	£1216	£1636
City average	£481* / 485**	£580* / £647**	£731* / £882**	£1230* / £1350**

* Landlord Survey ** Citylets data

Affordability of the private rented sector

The most recent study of affordability ⁽⁶⁾ has shown that:-

- Rents of PRS properties are more than twice that of social rented two, three and four bedroom properties and around 80% higher in one bedroom properties.
- For the majority of community partnership areas in the city, Local Housing Allowance does not cover the full cost of rents for those qualifying for housing benefit
- In total it is estimated that up to half of private rented tenants who are spending 30% or more of their income on their rent are unable to afford these rents.
- One in three PRS households are earning less than £15,000 per annum.
- Those PRS households on minimum wage need to devote up to two thirds of their household income to be able to afford the average private rent.
- 13% of PRS tenants in Glasgow are in extreme fuel poverty compared to 9% for Scotland as a whole

Notes:

- (1) Glasgow City Council Housing Plan for the 1990s (1990).
- (2) Glasgow's Strategic Plan for Housing (1998)
- (3) Glasgow City Council (DRS) Stock Estimates 2014
- (4) Glasgow City Council (2015) 'The Role of the PRS in meeting housing need in Glasgow' (Arneil Johnston/Research Resource)
- (5) Figures used are the upper and lower levels of rents found to be charged using two data sources 1) Survey of individual landlords carried out by Research Resource 2) Published data by Citylets reproduced by Arneil Johnston in Glasgow City Council (2015) 'The Role of the PRS in meeting housing need in Glasgow' (Arneil Johnston/Research Resource)
- (6) Glasgow City Council (2015) 'The Role of the PRS in meeting housing need in Glasgow' (Arneil Johnston/Research Resource)